

MONTANA LEGISLATIVE HISTORY

Chapter 478 19 81

Bill H 36 S _____

Original bill & history ✓ c

H. Committee on Taxation

Hearing Date(s) 1/21 ✓ c

1/28 ✓ c

_____ c

_____ c

Date Out _____ c

S. Committee on Taxation

Hearing Date(s) 3/4 ✓ c

3/23 ✓ c

_____ c

_____ c

Did this bill originate in an interim committee? _____ Yes ✓ No

Committee _____

Report _____

Chap. Num.	Senate Bill	House Bill	Title
			the youth were an adult; amending sections 41-5-521, 41-5-601, 41-5-602, and 41-5-604, MCA.Page 859
470	392		An act to terminate the Board of Podiatry Examiners and transfer regulation of podiatrists to the Board of Medical Examiners; adding a podiatrist to the Board of Medical Examiners; authorizing a podiatrist to administer drugs; removing statutory passing grade on examination; modifying penalty provisions; providing for transfer of funds and records; continuing existing rules; amending sections 2-15-1605, 37-6-101, 37-6-302, 37-6-303, and 37-6-312, MCA; repealing sections 2-15-1608 and 37-6-201, MCA; and providing an effective date.Page 861
471	442		An act to provide for county and municipal regulation of boxing and wrestling matches; requiring permits therefor; requiring safety rules; authorizing the collection of taxes on the proceeds of such events; repealing section 7-21-4211, MCA; and providing an effective date.Page 864
472	449		An act to generally revise the laws relating to deferred compensation plans for public employees so as to establish a state investment account; to authorize local governments to participate in the state deferred compensation program; and to authorize the plan administrator to assess administrative costs against the program; amending sections 19-2-101 through 19-2-103, 19-2-201 through 19-2-204, MCA; and repealing section 19-2-205, MCA.Page 865
473	458		An act to continue the Montana Folklife Project under the Montana Arts Council.Page 869
474	463		An act to provide for uniform compensation and travel expenses for the Boards of County Printing, Veterans' Affairs, Athletics, Medical Examiners, Dentists, Osteopathic Physicians, Podiatry Examiners, Pharmacists, Nursing, Nursing Home Administrators, Optometrists, Physical Therapy Examiners, Chiropractors, Radiologic Technologists, Speech Pathologists and Audiologists, Hearing Aid Dispensers, Psychologists, Veterinarians, Morticians, Barbers, Cosmetologists, Massage Therapists, Sanitarians, Public Accountants, Realty Regulation, Architects, Landscape Architects, Professional Engineers and Land Surveyors, Plumbers, and the State Electrical Board, State Banking Board, and the Commission for Human Rights; amending sections 2-15-1102, 2-15-1706, 2-15-2202, 23-3-102, 32-1-201, 37-3-206, 37-4-203, 37-4-204, 37-5-202, 37-6-201, 37-7-202, 37-8-203, 37-9-201, 37-10-203, 37-11-203, 37-12-202, 37-14-201, 37-15-203, 37-16-203, 37-17-201, 37-18-203, 37-19-201, 37-30-202, 37-31-202, 37-33-202, 37-40-202, 37-50-202, 37-51-205, 37-65-202, 37-66-201, 37-67-203, 37-68-202, and 37-69-203, MCA.Page 869
475	475		An act to adopt substantially all of the revisions to the Model Business Corporation Act that were recently recommended by the American Bar Association; amending sections 35-1-102, 35-1-108, 35-1-109, 35-1-202, 35-1-206 through 35-1-209, 35-1-211 through 35-1-214, 35-1-301, 35-1-401, 35-1-402, 35-1-404, 35-1-406 through 35-1-409, 35-1-501, 35-1-506, 35-1-508, 35-1-509, 35-1-511, 35-1-601, 35-1-602, 35-1-605 through 35-1-607, 35-1-610 through 35-1-612, 35-1-801, 35-1-803 through 35-1-810, 35-1-901, 35-1-1002, 35-1-1006 through 35-1-1009, 35-1-1015, 35-1-1017, 35-1-1101, 35-1-1202, and 35-1-1205, MCA; and repealing sections 35-1-608, 35-1-613 through 35-1-616, 35-1-701 through 35-1-705, 35-1-802, and 35-1-811, MCA.Page 876
476	479		An act to validate certain conveyances of real property containing technical defects in execution; amending section 70-21-309, MCA.Page 925
477	13		An act to allow the Department of Revenue to waive interest upon delinquent taxes and penalties in certain cases and to extend the period before a penalty may be assessed; amending sections 15-1-206, 15-30-142, and 15-30-323, MCA; and providing an immediate effective date.Page 926
478	36		An act amending sections 15-6-141, 15-6-201, and 15-23-101, MCA, to provide for taxation as class eleven property of certain electric transmission and distribution property constructed, owned, or operated by a public agency, to eliminate tax exemption of such property, to include such property among properties centrally assessed; and providing an effective date contingent on congressional action.Page 928
479	223		An act to reallocate the coal severance tax by reducing the amount allocating to alternative energy research from 5 percent to 4 ½ percent and allocation ½ of 1 percent of the tax to conservation district operations; amending section 15-35-108, MCA.Page 930
480	237		An act to provide a credit against individual income tax liability under Title 15, chapter 30, MCA, for capital expenditures for energy-conserving purposes; eliminating the deduction from individual income tax liability for such expenditures; providing an applicability date; and amending sections 15-30-121, 15-30-131, and 15-32-103 through 15-32-106, MCA.Page 933

HOUSE 3RD READING: 4/21, YEAS: 93; NAYS: 3

SENATE 2ND READING: 4/22, BE CONCURRED IN
ON MOTION, 4/22, RULES SUSPENDED, PLACED ON 3RD READING
SENATE 3RD READING: 4/22, YEAS: 47; NAYS: 0

TRANSMITTED TO GOVERNOR: 4/23

ACTION: 5/1, SIGNED
CHAPTER 590

35--DONALDSON--TO RAISE THE GENERAL BOND PAYMENT PAID TO EXPANDED
SCHOOL DISTRICTS.

FISCAL NOTE: REQUIRED

PREFILED AND REFERRED TO COMMITTEE ON EDUCATION: 12/30/80

HEARING: 1/9

REPORT: DO PASS AND PLACE ON CONSENT CALENDAR: 1/9

3RD READING: 1/12 YEAS: 99; NAYS: 0

TRANSMITTED TO SENATE: 1/12

REFERRED TO COMMITTEE ON EDUCATION: 1/13

HEARING: 3/16

REPORT: 3/17, BE CONCURRED IN

2ND READING: 3/19, BE CONCURRED IN

3RD READING: 3/21, YEAS: 48; NAYS: 0

RETURNED TO HOUSE: 3/21

TRANSMITTED TO GOVERNOR: 3/26

ACTION: SIGNED, 3/31
CHAPTER 205

36--BRAND, HANSON, MANNING--TO PROVIDE FOR TAXATION AS CLASS ELEVEN
PROPERTY OF CERTAIN ELECTRIC TRANSMISSION AND DISTRIBUTION
PROPERTY....

FISCAL NOTE: REQUIRED

PREFILED AND REFERRED TO COMMITTEE ON TAXATION: 12/31/80

HEARING: 1/21

REPORT: DO PASS AS AMENDED, 1/27

2ND READING: 1/29, YEAS: 87; NAYS: 5

3RD READING: 2/2, YEAS: 93; NAYS: 5

TRANSMITTED TO SENATE: 2/2

REFERRED TO COMMITTEE ON TAXATION: 2/3

HEARING: 3/4

REPORT: 3/25, BE CONCURRED IN, AS AMENDED

2ND READING: 3/27, BE CONCURRED IN

3RD READING: 3/30, YEAS: 49; NAYS: 0

RETURNED TO HOUSE WITH AMENDMENTS: 3/30

2ND READING: 4/8, YEAS: 87; NAYS: 0

3RD READING: 4/9, YEAS: 97; NAYS: 0

TRANSMITTED TO GOVERNOR: 4/16

ACTION: SIGNED, 4/21
CHAPTER 478

37--BRAND--ABOLISHING THE OFFICE OF THE LEGISLATIVE FISCAL
ANALYST....

FISCAL NOTE: REQUIRED

PREFILED AND REFERRED TO COMMITTEE ON STATE
ADMINISTRATION: 12/31/80

1 HOUSE BILL NO. 36

2 INTRODUCED BY BRAND

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTIONS
5 15-6-141, 15-6-201, AND 15-23-101, MCA, TO PROVIDE FOR
6 TAXATION AS CLASS ELEVEN PROPERTY OF CERTAIN ELECTRIC
7 TRANSMISSION AND DISTRIBUTION PROPERTY CONSTRUCTED, OWNED,
8 OR OPERATED BY A PUBLIC ENTITY, TO ELIMINATE TAX EXEMPTION
9 OF SUCH PROPERTY, AND TO INCLUDE SUCH PROPERTY AMONG
10 PROPERTIES CENTRALLY ASSESSED."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 15-6-201, MCA, is amended to read:

14 "15-6-201. Exempt categories. (1) The following
15 categories of property are exempt from taxation:

16 (a) the property of:

17 (i) the United States, the state, counties, cities,
18 towns, school districts, except property constructed, owned,
19 or operated by a public entity created by the congress to
20 transmit or distribute electric energy produced at privately
21 owned generating facilities;

22 (ii) irrigation districts organized under the laws of
23 Montana and not operating for profit;

24 (iii) municipal corporations; and

25 (iv) public libraries;

1 (b) buildings, with land they occupy and furnishings
2 therein, owned by a church and used for actual religious
3 worship or for residences of the clergy, together with
4 adjacent land reasonably necessary for convenient use of
5 such buildings;

6 (c) property used exclusively for agricultural and
7 horticultural societies, for educational purposes, and for
8 hospitals;

9 (d) property that meets the following conditions:

10 (i) is owned and held by any association or corporation
11 organized under Title 35, chapter 2, 3, 20, or 21;

12 (ii) is devoted exclusively to use in connection with a
13 cemetery or cemeteries for which a permanent care and
14 improvement fund has been established as provided for in
15 Title 35, chapter 20, part 3; and

16 (iii) is not maintained and operated for private or
17 corporate profit;

18 (e) institutions of purely public charity;

19 (f) evidence of debt secured by mortgages of record
20 upon real or personal property in the state of Montana;

21 (g) public art galleries and public observatories not
22 used or held for private or corporate profit;

23 (h) all household goods and furniture, including but
24 not limited to clocks, musical instruments, sewing machines,
25 and wearing apparel of members of the family, used by the

-2- INTRODUCED BILL
 HB36

owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations attached. Such property is also exempt from the fee in lieu of tax.

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes.

(2) (a) The term "institutions of purely public charity" includes organizations owning and operating facilities for the care of the retired or aged or chronically ill, which are not operated for gain or profit.

(b) The terms "public art galleries" and "public observatories" include only those art galleries and observatories, whether of public or private ownership, that are open to the public without charge at all reasonable hours and are used for the purpose of education only.

(3) The following portions of the appraised value of a capital investment made after January 1, 1979, in a recognized nonfossil form of energy generation, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) \$20,000 in the case of a single family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Section 2. Section 15-6-141, MCA, is amended to read:

"15-6-141. Class eleven property -- description -- taxable percentage. (1) Class eleven property includes:

(a) centrally assessed electric power companies' allocations, including allocations of properties constructed, owned, or operated by a public entity created by the congress to transmit or distribute electric energy produced at privately owned generating facilities;

(b) allocations for centrally assessed natural gas companies having a major distribution system in this state; and

(c) centrally assessed companies' allocations except:

(i) electric power and natural gas companies' property;

(ii) property owned by cooperative rural electric and cooperative rural telephone associations and classified in class five; and

(iii) property owned by organizations providing telephone communications to rural areas and classified in class seven.

(2) Class eleven property is taxed as follows:

(a) Property described in subsection (1)(a) and (b) is taxed at 12% of market value.

(b) Property described in subsection (1)(c) is taxed at 15% of market value."

Section 3. Section 15-23-101, MCA, is amended to read:

1 "15-23-101. Properties centrally assessed. The
2 department of revenue shall centrally assess each year:

3 (1) the franchise, roadway, roadbeds, rails, rolling
4 stock, and all other operating property of railroads
5 operating in more than one county in the state or more than
6 one state;

7 (2) property owned by a corporation or other person
8 operating a single and continuous property operated in more
9 than one county or more than one state, including telegraph,
10 telephone, microwave, electric power or transmission lines,
11 natural gas or oil pipelines, canals, ditches, flumes, or
12 like properties and including property constructed, owned,
13 or operated by a public entity created by the congress to
14 transmit or distribute electric energy produced at privately
15 owned generating facilities;

16 (3) all property of scheduled airlines;

17 (4) the net proceeds of mines and of oil and gas wells;

18 and

19 (5) the gross proceeds of coal mines."

-End-

Ms. Helming pointed out that the jump from 8% to 15% depended on the subscribers per mile. She didn't know about the grant exchange's part in the jump; their taxes had remained at \$1,700 for about five years at an 8% tax rate, and the jump occurred when a privately owned Idaho telephone company sold them their one exchange which was located in Montana.

Rep. Briggs then closed, and the hearing on HB 65 was closed.

HOUSE BILL 36, sponsored by Rep. Joe Brand, was then heard. He explained that the bill had been drafted to address the BPA's putting new power lines in the State and the effect this will have on the Counties, which won't be receiving any tax revenue because the BPA is a public agency and therefore tax-exempt. Congress has granted the BPA the authority to go east of the Continental Divide, which they hadn't been able to do until about a year ago. Congress has tried to put legislation similar to HB 36 into law. Rep. Brand is hopeful this bill won't tax the co-op lines. Many of the citizens of his District are concerned because Montana Power applied to put in a line and they were granted it, but had a problem with the Indian reservation and, for whatever reason, they quit trying to put the line in. Then BPA arrived on the scene and this upset the people. If a private utility wants the power lines, they have to pay taxes, and these power lines won't be taxed. The Congressional delegation introduced a bill which would provide for a tax, but that portion of the bill was taken out. Montana was asked to introduce a bill on the state level and thus HB 65 was drafted. Maybe then, this type of legislation would have a better chance on the federal level. BPA is using these lines to go back to the private lines, and this isn't justifiable. All the big corporations are going to use this electricity and Montana should get some tax dollars in return. This is the first of many lines that will traverse the state, and we should get a handle on this situation before we lose the power to do anything.

Steve Doherty, Northern Plains Resource Council, then spoke as a PROPONENT to HB 36. He is very concerned about the BPA transmission lines. He suggested an amendment to clarify the intent of the legislation and hopefully avoid any question of trying to tax other entities which clearly shouldn't be taxable. He suggested that the word "entity" be stricken and replaced by the word, "agency." He submitted that the question of the ability of state and local governments to tax a federal agency is a legitimate one, and this bill has support from the Congressional delegation. He pointed out that at one time, tax revenues were promised as part of the project.

There were no OPPONENTS to HB 36. Questions were then asked.

Rep. Roth asked Rep. Brand why the REA's weren't considered "public entities." He replied that they are not in the business of transmitting energy for the purpose of selling it to someone else than their customers.

Rep. Williams asked Rep. Brand how this issue was handled in other states and he said that no other states had done anything. Enactment of this measure would help all over the country. Rep. Williams pointed out that this bill would be unenforceable unless Congress backed it up.

In response to Rep. Underdal, Rep. Brand stated that most of the power goes out of the state, probably. Rep. Harp interjected that it was hard to say what goes into Montana and what goes out of state because it was on a grid system which was contingent upon demand.

Rep. Asay wanted to know if it might not be easier to tax the power itself rather than the federal government. It was pointed out that Sen. Manley had a bill to tax the energy going through the lines.

Rep. Williams brought up the possibility of payment in lieu of taxes. Rep. Brand stated that all he had talked about with the Congressional delegation was this bill in particular.

Rep. Neuman stated that maybe the corridor should be provided, because the state is already getting the severance tax, which was designed to help out with impacts from the coal industry. Rep. Brand disagreed, pointing out that if the power company going through the same area were private, it would be paying taxes.

Rep. Vinger said that he supposed the tax would be passed on to the consumer. Rep. Brand responded that if the power company were private, this would be the case.

Rep. Brand then closed. He reiterated that this bill was introduced at the request of Montana's Congressional delegation, so they could have some background for introducing a similar measure in Congress. The hearing was then closed.

HOUSE BILL 221, sponsored by Rep. Burnett, was then heard. He explained that present law, which this bill addresses, is the result of Rep. Dassinger's bill, which was passed in 1975.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

H. 3 36.

Date 1/24/81

BRAND[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

January 27,

1951

SPEAKER:

MR.

We, your committee on TAXATION

having had under consideration House Bill No. 36

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTIONS 15-6-141, 15-6-201, AND 15-23-101, MCA, TO PROVIDE FOR TAXATION AS CLASS ELEVEN PROPERTY OF CERTAIN ELECTRIC TRANSMISSION AND DISTRIBUTION PROPERTY CONSTRUCTED, OWNED, OR OPERATED BY A PUBLIC ENTITY, TO ELIMINATE TAX EXEMPTION OF SUCH PROPERTY, AND TO INCLUDE SUCH PROPERTY AMONG PROPERTIES CENTRALLY ASSESSED."

Respectfully report as follows: That House Bill No. 36, introduced (white), be amended as follows:

1. Title, line 8.
Following: "PUBLIC"
Strike: "ENTITY"
Insert: "AGENCY"
2. Page 1, line 19.
Following: "public"
Strike: "entity"
Insert: "agency"
3. Page 1, line 21.
Following: "facilities"
Insert: "(not including rural electric cooperatives)"
4. Page 4, line 6.
Following: "public"
Strike: "entity"
Insert: "agency"

(Page 1 of 2 pages)

Rep. Ken Nordtvedt,

Chairman.

COMMITTEE ON TAXATION AMENDMENTS TO HOUSE BILL 36

5. Page 4, line 8.
Following: "facilities"
Insert: "(not including rural electric cooperatives)"
6. Page 5, line 13.
Following: "public"
Strike: "entity"
Insert: "agency"
7. Page 5, line 15.
Following: "facilities"
Insert: "(not including rural electric cooperatives)"

AND AS AMENDED
DO PASS

Rep. Ken Nordtvedt, Chairman

There were no PROPONENTS nor were there any OPPONENTS to HB 391.

John Clark, Department of Revenue, then spoke. He submitted that this bill would probably have very little fiscal impact, because the taxpayers wouldn't have enough federal tax to make it worth it to them to utilize this on their state returns. He stated that probably not very many people would have much advantage from this bill.

Questions were then asked. Rep. Williams asked Rep. Winslow to respond to Mr. Clark's comments and he replied that at least psychologically the taxpayer would see that he or she was going to be given credit for gift giving. Rep. Winslow stated that this bill might encourage such agencies as the Billings Mental Health Center to seek private funding to help supplement the rest of their funding.

Rep. Williams stated that he didn't see where anything could be gained from this bill. Rep. Nordtvedt said that the language of the bill would have to be changed if the intent of the bill had been to take the percentage of the gifts plus the deduction.

Rep. Winslow then closed. He stated that he wasn't asking for a 100% credit for the gifts but an incentive for the young people to give. This would establish clout on the state level to get agencies to look for funding from the private sector. The hearing was then closed.

The Committee then went back into EXECUTIVE SESSION. HOUSE BILL 36 was considered. Amendments were distributed; see Exhibit "B." Rep. Dozier moved that the amendments be adopted and in addition the language in the bill be amended from "entity" to "agency." The motion was carried unanimously. Rep. Dozier then moved that the bill DO PASS AS AMENDED; motion carried unanimously. ✓

HOUSE BILL 223 was then considered. Rep. Dozier moved that it DO NOT PASS. Discussion followed. Rep. Underdal made a substitute motion that HB 223 DO PASS, and offered an amendment changing the 2% to 1%. Rep. Dozier rose in opposition to the amendment. He said that the Alternative Energy Program did the one thing that should be done with coal tax proceeds: look for alternative sources of energy. Rep. Williams then rose in opposition to the amendment and the bill. (1) Money is being taken from the Alternative Energy Fund and this is wrong; (2) He doesn't think the Conservation Districts presented a very good case. He pointed out that they had funding from three sources at present, and many of the Districts haven't made attempts to get their entire mill levies. Rep. Underdal pointed out that a 2-mill levy didn't bring in enough additional revenue, and this is the reason they weren't taking advantage of this option. He added that this bill didn't defeat the original purpose of Alternative Energy.

Rep. Vinger then pointed out that the Department of Natural Resources

AMENDMENTS TO HB 36

- 3. Page 1, line 21.
Following: "facilities"
Insert: "(this does not include a rural electrical cooperative)"
- 7. Page 5, line 15.
Following: "facilities"
Insert: "(this does not include a rural electrical cooperative)"

Page 4 also

Agency -

also included changes from entity to agency.

- 1. ~~Page 1~~ title, line 8
following "PUBLIC"
STRIKE: "ENTITY"
INSERT: "AGENCY"
- 2. Page 1, line 19
following: "public"
Strike: "entity"
insert: "agency"
- 4. page 4, line 6
entity to agency
- 6. p. 5, line 13
Entity to ag.
- 5. page 4, line 8
following: "facilities"

AMENDMENTS TO HB 36

1. Page 1, line 21.
Following: "facilities"
Insert: "(this does not include a rural electrical cooperative)"
2. Page 5, line 15.
Following: "facilities"
Insert: "(this does not include a rural electrical cooperative)"

3--March 4, 1981

the reasons, but said Senator Turnage wanted section nine in, even though it isn't critical to the resolution, and he thought it would be nice to reiterate these reasons.

Senator Goodover said if we didn't have a coal tax, and it was priced at five or six dollars at mine mouth without a tax, how would the companies make more money if we had a tax or not? Only the utility companies will profit from restrictions.

Senator Towe: Senator Turnage wanted that put in. He is saying, in effect, that at the present time the structure is set up, and if tax is now eliminated or reduced the utility companies will still be charging the same amount; therefore, the people who will benefit from those limitation bills will not be the consumers, but the utility and coal companies.

Senator Goodover said we collect the tax from the companies that buy. Senator Towe agreed, but he said if you reverse it, those automatic escalation clauses don't allow it to come down as well. I agree that full reduction will not see the light of day where consumers are paying their bills.

Senator Eck: The greatest advantage of this is we get in one concise document the arguments Montana is putting forth.

Senator Crippen said he still thinks it was improper and unreasonable to start at the 30% level.

The Chairman asked that Senators Towe, McCallum, B. Brown and Elliott get together to work out a compromise.

CONSIDERATION OF HOUSE BILL 36:

"AN ACT AMENDING SECTIONS 15-6-141, 15-6-201, and 15-23-101, MCA, TO PROVIDE FOR TAXATION AS CLASS ELEVEN PROPERTY OF CERTAIN ELECTRIC TRANSMISSION AND DISTRIBUTION PROPERTY CONSTRUCTED, OWNED, OR OPERATED BY A PUBLIC AGENCY, TO ELIMINATE TAX EXEMPTION ON SUCH PROPERTY, AND TO INCLUDE SUCH PROPERTY AMONG PROPERTIES CENTRALLY ASSESSED."

Representative Brand, District 28, said the bill was introduced because of a problem in his area. The Montana Power Company went through the Plant Siting Act to build a new line from the coal fields to Hot Springs, and they were allowed under the Plant Oversight Act to do that. Then we found out that the Bonneville Power Administration is going to build part of this line from Townsend, Deer Lodge and Garrison to get into their own feeder lines. All power is to come from Colstrip 3 and 4. As a government agency, the Bonneville Power Administration is exempt from taxation, but this bill taxes the same as any private utility. The House Committee put in some amendments on page one, lines 18-22. This bill would help Sanders County. The congressional delegation in Washington is in support of this bill. Ron Marlenee's letter was read by Representative Brand. He said he was told without some action of this sort, it would be difficult to do anything in Congress.

4--March 4, 1981

PROPONENTS:

Steve Doherty, Northern Plains Resource Council, and Mike Stephens, Montana Association of Counties.

Senator McCallum wondered what happens to lines already through there - will they be taxed?

Representative Brand said the way it will be taxed is by private companies creating the energy. If energy is coming out of federal lines, such as Hungry Horse, it would be different. What the Bon-neville Power Administration is doing is taking private power and using it through its lines.

Senator Manley said his bill doesn't tax the energy but the private property, and there was no conflict between his bill and this one.

The hearing was closed on House Bill 36.

CONSIDERATION OF HOUSE BILL 111:

"AN ACT TO INCREASE THE PERMISSIBLE LEVIED AMOUNT AVAILABLE FOR COUNTY FIRE PROTECTION TO \$40,000 from \$15,000; AMENDING SECTION 7-33-2209, MCA."

Representative Lund said this bill gives authority to the county governing board to increase levy for county fire protection to protect ranch lands. Prairie fires sometimes bring counties up to a \$40,000 cost. If there is a rash of fires they are up against the limit and have financial problems.

PROPONENTS:

Dave Fisher, Montana Volunteer Fireman's Association and Fire Chief's Association; Art Korn, Secretary-Treasurer of the Volunteer Departments; R. A. Ellis, Montana State Volunteer Districts and Mike Stephen, Montana Association of Counties.

OPPONENTS:

Dan Mizner, Montana League of Cities and Towns. He pointed out that two million dollars is involved, spread over the counties, and the money will be paid by the taxpayers. Cities and towns still have to have their own fire departments. I don't object to the bill itself, but I want the committee to know that the tax-payer has to pay the bill. If you want to stay outside incorporated area, we wouldn't object.

Representative Lund closed by saying he didn't know an answer - perhaps consolidation of some kind. All this bill asks, if they run up against \$15,000, could they go further.

Senator Crippen asked Mr. Fisher how many volunteer departments there were in Butte. The answer was nine. Senator Healy said to

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 23, 1981

The 54th meeting of the committee was called to order at 7:30 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members present.

Senator Severson had a Statement of Intent to offer for Senate Bill 126. The reason was the bill requires department rules; the Intent shows specific value that is meant to apply.

The Chairman announced he had amendment language in hand for HB 629. Senator McCallum made a motion to adopt the amendments. The motion carried, Senator Towe dissenting.

Senator Healy moved the bill be given a BE CONCURRED IN, as amended. Motion carried with Senator Crippen dissenting.

DISPOSITION OF HOUSE BILL 13:

Senator Norman and Senator Elliott drew up their own amendments and had met with the Department of Revenue. The problem is personal income tax. The taxpayer files his return and a year or so later the federals decide the taxpayer owes another \$50 to \$200. They notify the DOR, after a period of time; after another period of time, DOR notifies the taxpayer. The DOR can waive the penalty but not the interest. Also, Alaskan taxpayers are having troubles because of an unexpected rebate of \$700-\$800 which they now have to pay taxes on.

Senator Elliott said he only had one copy of the amendments and there is a further correction to the title. He said he would try to have it ready for tomorrow's meeting.

DISPOSITION OF HOUSE BILL 34:

The committee had been holding HB 34 for receipt of HB 160. It was reported that HB 160 had been killed. Senator McCallum moved we lay HB 34 on the table. Cort was to inform Representative Ernst of our action. The motion to lay the bill on the table passed unanimously.

DISPOSITION OF HOUSE BILL 36:

Senator Towe moved HB 36 BE CONCURRED IN. He then withdrew his motion for purposes of amendment. Amendment language was phrased to make HB 36 effective upon passage by Congress of a law allowing taxation of electric transmission lines.

CRIPPEN: Are we being requested to pass a bill that is unconstitutional?